

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF SAN FERNANDO OVERSIGHT BOARD**

**CITY OF SAN FERNANDO
CITY COUNCIL CHAMBERS
117 MACNEIL STREET
SAN FERNANDO, CALIFORNIA 91340**

Thursday, May 10, 2012

9:00 AM

AUDIO LINK FOR THE ENTIRE MEETING: [Audio](#)

I. CALL TO ORDER

Chair Judith N. Frank called the meeting to order at 9:11 a.m.

II. ROLL CALL

The Roll Call was taken by Ivonne Evelyn Umana, Oversight Board Member Staff.

Present: Chair Judith Frank, Vice Chair Maria Chong-Castillo, Robert Moran, Megan Reilly, Monte Perez, Edgar Arroyo and Federico Ramirez

III. ADMINISTRATIVE MATTERS

1. Approval of Minutes of May 3, 2012. (12-2061)

On motion of Vice Chair Chong-Castillo, seconded by Board Member Reilly, this item was approved.

AYES: 7 - Chair Frank, Vice Chair Chong-Castillo, Board Member Moran, Board Member Reilly, Board Member Perez, Board Member Arroyo and Board Member Ramirez

IV. RECOMMENDATIONS

2. Recommendation: Review and approve the Recognized Obligation Payment Schedules (ROPS) for the period of January 1, 2011 - June 30, 2012. (Continued from the meetings of 4-26-12 and 5-3-12) (12-1811)

At the suggestion of Board Member Arroyo, the Oversight Board referred back to this Agenda Item No. 2 at 10:28 a.m. to complete outstanding ROPS I - Items that were deferred from the meeting of May 3, 2012 for further documentation and review with a final vote on ROPS I in its entirety.

Mr. Al Hernandez, City Administrator, City of San Fernando gave a brief summary of each of the line items of the ROPS I. Ms. Sonia Garcia, Junior Accountant, City of San Fernando; Michael Estrada, Legal Counsel for the Successor Agency; and Ms. Cecilia V. Estolano, Consultant, and

Chief Executive Office, were also present.

ITEM NO. 9 – 1422 San Fernando Road, City of San Fernando

On motion of Board Member Arroyo, seconded by Board Member Ramirez, duly carried by the following votes, Item No. 9 – 1422 San Fernando Road, City of San Fernando, was removed from ROPS I:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ITEM NO. 10 - San Fernando Senior Housing Project, California Housing Finance Agency (CHFA)

Board Member Reilly reiterated her concerns from the meeting of May 3, 2012 which she requested from City staff to give more explanation and documentation for the Financing Authority which is considered a third party entity. A third party contract and so, therefore, an enforceable obligation, and again, not a financing authority that looks very similar to what the city would look like.

Board Member Moran questioned when the next payment is due.

Mr. Hernandez addressed Board Member Moran's question and advised that the payment is currently due August 2012 and CHFA is willing to work with City Staff and extend payment an additional two years.

Ms. Estolano advised the Oversight Board that the San Fernando Senior Housing Project where the payee is CHFA is legitimate and an enforceable obligation. Ms. Estolano also suggested that due to the cash flow issue, the City Staff must identify the item on the ROPS even though no initial payment is due for the period ending this fiscal year and recommends listing it with the total debt, but no payments during ROPS I.

On motion of Board Member Ramirez, seconded by Board Member Moran, duly carried by the following vote, Item No. 10 – San Fernando Senior Housing Project was approved with the recommendation that \$250,000 be removed from the "Total Due During Fiscal Year" and "June" payment, and leave the \$912,692 under the "Total Outstanding Debt or Obligation" and bring back on Recognized Obligation Payment Schedule July 1, 2012 – December 31, 2012 (ROPS II):

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ITEM NO. 13 – SCO Transcation Report, Thales Consulting; ITEM NO. 14 – Annual Audit, Deihls, Evans & Company LLP; and ITEM NO. 15 – Property Tax Analysis, HDL Coren & Cone

On motion of Board Member Ramirez, by Common Consent, there being no objection, Item No. 13 – SCO Transcation Report, Thales Consulting; Item No. 14 – Annual Audit, Deihls, Evans & Company LLP; and Item No. 15 – Property Tax Analysis, HDL Coren & Cone were reconsidered from the May 3, 2012 meeting.

On motion of Board Member Ramirez, seconded by Board Member Reilly, duly carried by the following vote, Item No. 13 – SCO Transcation Report, Thales Consulting; Item No. 14 – Annual Audit, Deihls, Evans & Company LLP; and Item No. 15 – Property Tax Analysis, HDL Coren & Cone were approved as recognized enforceable obligations:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ITEM NO. 16 – Legal Services, Richards, Watson & Gershon

The Oversight Board requested additional information to make a determination on this item due to transactional attorneys used throughout the redevelopment project.

Mr. Hernandez informed the Oversight Board that he can provide the attorney fees invoices for January through April and can estimate May through June based on previous invoices.

On motion of Chair Frank, by Common Consent, there being no objection, this item was tabled to give City staff an opportunity to provide attorney fees invoice and determine the total amounts of legal fees for 1422 San Fernando Road and suggested inclusion in the description area of Item No. 16 the project name “1422 San Fernando Road.”

By Common Consent, there being no objection (Board Member Reilly being absent), the Oversight Board at 12:40 p.m. resumed discussion and review of additional documents provided by the City of Item No. 16 - Legal Services, Richards, Watson & Genshton.

On motion of Vice Chair Chong-Castillo, seconded by Board Member Perez, duly carried by the following vote, Item No. 16 - Legal Services, Richards, Watson & Gershon, was approved with the condition that the Description Field be specific and the amount under “Total Outstanding Debt or Obligation,” “Total Due During Fiscal Year” and the payment for the month of “June” reflects \$7,400:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank
ABSENT: Board Member Reilly

ITEM NOS. 17 and 18 – Legal Services, Richards, Watson & Gershon

Board Member Ramirez stated his concerns pertaining to capping at \$250,000 on Administrative Cost and suggested to clump all administrative cost to one Line Item No. and cap it at \$250,000.

Ms. Estolano addressed Board Member Ramirez' concern and informed the Oversight Board that there are two provisions to think about: (1) the administrative cost allowance which has a cap 5% and 3% then there is an administrative budget that the Successor Agency supposed to prepare and the Oversight Board to review and approve that can have other things in it that the City staff can pay for through other sources, one could be bond sources. The \$250,000 is the cap, and, if there are other funds that could be used to pay other sources, then the Oversight Board could approve that in addition to the \$250,000. If there are other sources the City Staff can spend more than \$250,000 and list the other sources funding over that amount. Furthermore, Ms. Estolano referenced Health and Safety Code (HSC) Section 34171 (b), which defines the administrative cost allowance and 34177 (j) what the successor agency is supposed to do.

Vice Chair Chong-Castillo requested additional information pertaining to legal fees.

Mr. Hernandez and Mr. Estrada will provide the requested information in 15 minutes.

On motion of Chair Frank, by Common Consent, there being no objection, Item Nos. 17 and 18 – Legal Services, Richards, Watson & Gershon were tabled for 30 minutes to allow staff time to determine and provide the total cost of legal fees.

By Common Consent, there being no objection (Board Member Reilly being absent), the Oversight Board at 12:50 p.m. resumed discussion and review of Item Nos. 17 and 18 – Legal Services, Richards, Watson & Gershon.

On motion of Board Member Ramirez, seconded by Board Member Perez, duly carried by the following vote, Item Nos. 17 and 18 – Legal Services, Richards, Watson & Gershon were eliminated from ROPS I:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank
ABSENT: Board Member Reilly

On motion of Board Member Moran, seconded by Board Member Perez, duly carried by the following vote, the months of October, November, and December 2011 be removed from ROPS I:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Reilly

ITEM NO. 19 – Wilshire Ventures – Attorney Fees, Attorney representing City

On motion of Chair Frank, by Common Consent, there being no objection, the Oversight Board tabled Item No. 19 – Wilshire Ventures – Attorney Fees, Attorney representing City to allow City Staff to provide additional documentation.

By Common Consent, there being no objection (Board Member Reilly being absent), the Oversight Board at 12:56 p.m. resumed discussion and review of Item No. 19 – Wilshire Ventures – Attorney Fees, Attorney representing City.

On motion of Board Member Perez, seconded by Board Member Ramirez, duly carried by the following vote, Item No. 19 was deleted from ROPS I:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Reilly

ITEM NO. 20 – LAUSD Litigation

On motion of Chair Frank, by Common Consent, there being no objection, this item was reconsidered from the meeting of May 3, 2012 to adjust the total outstanding debt and monthly payments for six months.

On motion by Board Member Perez, seconded by Vice-Chair Chong-Castillo, duly carried by the following vote, Item No. 20 was approved with the recommendation that the “Total Outstanding Debt or Obligation” and “Total Due During Fiscal Year” reflect \$9,000 with monthly payments of \$1,500 from January to June:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Reilly

Board Member Arroyo made a motion, seconded by Board Member Ramirez, duly carried by the following vote, ROPS I was approved as amended:

AYES: 6 - Chair Frank, Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Arroyo and Board Member Ramirez

ABSENT: 1 - Board Member Reilly

Attachments: [ROPS Schedule for January 1, 2012 through June 30, 2012](#)
[Revised ROPS for January 2012 through June 2012](#)
[Supporting Document](#)

3. Recommendation: Review and approve the Recognized Obligation Payment Schedules (ROPS) for the period of July 1, 2012 - December 31, 2012. (Continued from the meetings of 4-26-12 and 5-3-12) (12-1812)

Chair Frank began discussion of the Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 13, 2012 (ROPS II), and reminded Board Members that Line Items Nos. 1, 2, and 3 of ROPS II were approved on the May 3, 2012 Special Meeting; and the Oversight Board will address the ROPS line by line followed by a Roll Call Vote.

Mr. Al Hernandez, City Administrator, City of San Fernando gave a brief summary of each of the line items of ROPS II. Ms. Sonia Garcia, Junior Accountant, City of San Fernando; Michael Estrada, Legal Counsel for the Successor Agency; and Ms. Cecilia V. Estolano, Consultant, Chief Executive Office, were also present.

ITEM NO. 7 – Notes Payable, City of San Fernando

Board Member Moran had concerns about the interagency loans. Board Member Moran went to the Department of Finance (DOF) website and found out that for Interagency loans “Except for loan agreements made within the first two years of the life of the agency or loans that relate to issued securities, the act does not recognize such loans to be enforceable obligations.”

Mr. Hernandez responded to his concerns that according to the manual, loan agreements between the Redevelopment Dissolution Agency (RDA) and the sponsoring entity are obligated if they are entered into within two years of the date of creation of the RDA or Project area.

Ms. Estolano responded to Mr. Hernandez’ information and advised that the manual has been updated and removed the wording “or Project area” as that was printed in error and based on the change it is not an obligation.

Board Member Moran further provided a letter from the DOF to the City of Riverside dated April 13, 2012, pursuant to Health and Safety Code (HSC) section 34171 (d) (2) states in part “enforceable obligations do not include any agreements, contracts, or arrangements between the City that created the redevelopment agency and the redevelopment agency itself. The City and the Redevelopment Agency it created entered into multiple loan agreements and are not enforceable obligations (EOs)” and the DOF include three items from the City of Riverside’s ROPS for a total of \$100 million were not enforceable and the letter further makes reference to HSC section 34179 (h) which “Finance is returning the ROPS for reconsideration. This action will cause the specific ROPS items noted to be ineffective until Finance approval. Further, items listed in future ROPS are subject to review and may be denied as EOs.” Board Member Moran emphasized his concern that if this Oversight Board approved ROPS today and DOF indicates that they are not enforceable obligations then the Auditor-Controller may not be able to make the payment by June 1st.

Board Member Ramirez then addressed a concern pertaining to Line Item No. 21 of the ROPS – The County Loan agreement between the County and the agency was not done within the first two years of the creation of the RDA and may not be considered in the ROPS as well.

Ms. Estolano addressed Board Member Ramirez’ concern and indicated that it is not equivalent between the City and the City’s RDA versus other taxing entities. Prohibition would only be between City and City’s RDA. Other taxing entities would not fall under that statute and referred to HSC Section 34171 (d) (2) – Enforceable obligations do not include any agreements between City and City RDA, with two exceptions. Public Financing Authority will be considered the latter.

On motion of Vice Chair Chong-Castillo, seconded by Board Member Reilly, duly carried by the following vote, Item No. 7 - Notes Payable, City of San Fernando:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Chair Frank, Board Member Moran, Board Member Perez,

NOES: Board Member Ramirez, Board Member Arroyo

ITEM NO. 8 - City of San Fernando, Retirement Override Assessment

Board Member Moran stated that this item appears to be legitimate, a portion of property taxes should go into retirement fund but points out to City Staff that there was an accounting error over a four to five year period and would like to know if there will be an indication in this year’s statement identifying the liability.

Mr. Hernandez addressed Board Member Moran's concern and reassured that the error would be recorded as a prior period adjustment and that the Auditor will put a footnote disclosure of that.

Board Member Moran also wanted some clarification on how staff arrived at \$492,000 and did the Accountant advise paying it back.

Mr. Hernandez informed the Oversight Board that it will be recorded in various accounting entries, an expense to the Redevelopment Agency and crediting the General Fund for revenues that were missed and it will be done for the audited June 12 financial statements. The Auditors will be commencing preliminary work beginning June, July, September or early October and will be record it for June 12, but actual payment could be made on July so it would be an accrual entry to balance it out, but would record before June to be in this year's books.

Board Member Moran requested to see back up documentation. Mr. Hernandez indicated that the documentation was provided on the May 3, 2012 meeting. Upon further review of the documents it was determined that the document was not easily available and City Staff will be providing the document.

On motion by Chair Frank, by Common Consent, there being no objection, this item was tabled for later in the meeting for further documentation.

ITEM NO. 9 - 1422 San Fernando Road, City of San Fernando

Board Member Moran pointed out that the date of agreement is March 2011 and cannot be justified as enforceable obligation.

Mr. Hernandez informed the Oversight Board that the City and Agency have worked on for an extensive period of time before the actual document was drawn up with Los Angeles Affordable Housing. The intent was to meet the requirements of the State to have Affordable Housing in the City of San Fernando. The City contributed a plot to the Affordable Housing Project and have the Redevelopment Agency reimburse the City for the loss of the value of that land at roughly \$900 thousand. This project is accumulation of transactions and negotiations for a year before the date and continuing process.

Board Member Moran stated the law is clear and no exceptions for agreements after December 2010.

Ms. Estolano addressed the Oversight Board and City staff on their concern and reference to HSC Section 34171(e) which indicates that it did not meet the December 31, 2010 deadline.

Mr. Hernandez made a comment that if the Oversight Board makes a motion to disallow this line item entirely, that it be recommended that the Oversight Board allow reimbursement of the Arthur & Luke Fund of \$200,000 back to the City.

Vice Chair Chong-Castillo made a statement that it is not appropriate.

Board Member Moran made a suggestion that this item be considered in the next ROPS and document the \$200,000 as a legitimate obligation and approve it at a later time.

Ms. Estolano informed the Oversight Board and informed that to be consistent with ABx1 26, the Oversight Board would need some sort of an agreement that would be a third party, obligating the Agency to pay this amount. Otherwise, the obligation would have had to occur as previously read.

Board Member Ramirez commented that what the statute is now not all project areas were created at the same time that the redevelopment agency was created. So there is an outstanding debts that the City's Successor Agency consider to be valid. If legislation comes into effect, then could the Oversight Board and City Staff reintroduce things that were dismissed during these ROPS?

Ms. Estolano addressed Board Member Ramirez' concern and stated that based on the source, there's potential for ROPS III for more discussion in August 2012 with the ROPS III due to the DOF in October 15, 2012, but for now the Oversight Board can only operate under the law as it stands today and then could evaluate any changes to new legislation. But for this period governance, July to December, this is the law.

On motion by Vice Chair Chong-Castillo, seconded by Board Member Moran, duly carried by the following vote, Item No. 9, 1422 San Fernando was disallowed:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

Board Member Arroyo made a request that the Oversight Board go back to Agenda Item No. 2 the Recognized Obligation Payment Schedules (ROPS) for the period of January 1, 2012 - June 30, 2012 (ROPS I) to complete the Items that were deferred to this meeting from the May 3, 2012 meeting.

Chair Frank addressed Board Member Arroyo's concern and comments that everything from ROPS I were moved to ROPS II.

The Oversight Board Staff clarified that the motion made on ROPS I of May 3, 2012 was to defer the items to May 10, 2012 for further documentation, review and approval.

On motion of Board Member Arroyo, by Common Consent, there being no objection, Item No. 8 of ROPS II, that ROPS II be tabled to allow for the the review, discussion and vote on ROPS I.

On motion of Board Member Moran, by Common Consent, there being no objection, the Oversight Board recessed for five minutes at 9:50 a.m. to review documentation received on Item No. 8 – City of San Fernando, Retirement Override Assessment.

The meeting reconvened at 10:03 a.m. to continue the discussion Item No. 8 – City of San Fernando, Retirement Override Assessment.

ITEM NO. 8 - City of San Fernando, Retirement Override Assessment

Board Member Ramirez gave a brief review of the project which was established in 1946 and considers this project as a valid obligation for the Successor Agency to the former Redevelopment Agency and further recommends that based on the cash flow that is before the Oversight Board and in concurrence with approving this item on the ROPS direct City Staff to be part of a payment schedule or on ROPS II and subsequent ones. Board Member Moran concurs with Board Member Ramirez' suggestion and direction to the City Staff and would like to know from City Staff how this will be placed on the ROPS.

Mr. Hernandez suggested paying it over three years and placing it on a number of ROPS, if it makes it easier for the Successor Agency.

Board Member Ramirez suggested that it be placed on ROPS II for acknowledgement and have the Oversight Board determine if it is a valid obligation of the Successor Agency.

Board Member Moran suggests that ROPS II should show some sort of payment or an inclusion without payment.

Ms. Estolano addressed the Oversight Board that the key issue is cash flow and recommends to put a nominal payments on ROPS I and II, but list the total obligation on the ROPS so that the DOF sees it and be clear about documentation which will resolve the concerns of Board Board Members Ramirez and Moran. Furthermore, Ms. Estolano points out that due to the Oversight Board's obligation to other taxing entities as well as original financial obligations, that the Oversight Board keep in mind the possible consequence and/or an interest payment. For clarity it is suggested that a staff report be prepared for the DOF, explaining clearly and working out payments and not disadvantage to the taxing entities.

On motion of Board Member Ramirez, seconded by Board Member Perez, duly carried by the following vote, Item No. 8 - City of San Fernando, Retirement Override Assessment was approved with the recommendation that \$50,000 be included in ROPS II, direct City Staff to come back with a report explaining how the Successor Agency to the Redevelopment Agency and the Oversight Board agree that this is a valid obligation along with a schedule of payments, and, if necessary, to include another \$50,000 in the Recognized Obligation Payment Schedule January 1, 2013 – June 30, 2013 (ROPS III):

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

By Common Consent, there being no objection, the remaining items of ROPS II were tabled until after the discussion and determination of ROPS I

By Common Consent, there being no objection, the Oversight Board resumed discussion and determination of the remaining items on ROPS II.

ITEM NO. 11 – Loan Payable to City's Sewer Fund, City of San Fernando

Mr. Estrada gave a brief accounting of Item No. 11 and explained that the Joint Powers Authority (JPA), created under the JPA law, allows one or more public agencies to join together. This is a legal entity created under

that law by the Redevelopment Agency and the City approximately 20 to 30 years ago, and these two entities created this third entity which is clear that it is a separate entity.

Ms. Estolano informed the Oversight Board that this item falls within the exceptions.

On motion of Board Member Ramirez, seconded by Vice Chair Chong-Castillo, duly carried by the following vote, Item No. 11 – Loan Payable to City’s Sewer Fund, City of San Fernando was approved:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ITEM NO. 12 – Notes Payable, City of San Fernando

Board Member Moran requested a brief explanation on the new repayment plan, since loan origination date is 2005, but the Memorandum of Understanding (MOU) is prior to 2003.

Mr. Hernandez informed the Oversight Board that the MOU was structured with the owners of the property. The conveyance of the City Yard from the City to the Agency and ultimately making it available to the developer. Now the swap meet is in operation at that site. The MOU has been amended seven times. Robinson’s Property made an initial payment and the agreement was at an annual payment of \$125,000 for 10 years and a final balloon payment of \$3 million at that time.

Board Member Moran commented that this item is between the Agency and the City; and that there’s no authority here and does not see any exceptions in this case. We can come back with this at a later date.

On motion of Vice Chair Chong-Castillo, seconded by Board Member Reilly, duly carried by the following vote, Item No. 12 – Notes Payable, City of San Fernando was disapproved:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Moran, and Chair Frank

NOES: Board Member Arroyo

ABSENT: Board Member Perez

ABSTAIN: Board Member Ramirez

ITEM NO. 8 – Retirement Override Assessment, City of San Fernando

On motion of Board Member Reilly, seconded by Board Member Perez, duly carried by the following vote, Item No. 8 was approved with the condition

that the July payment of \$492,348.09 be removed and \$50,000 be reflected for an October payment:

AYES: Vice Chair Chong-Castillo, Board Member Reilly, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Moran

ITEM NO. 19 – Wilshire Ventures, Attorney Fees

Mr. Estrada made a brief oral report pertaining to the lawsuit that concluded and went to his organizations favor.

On motion of Board Member Perez, by Common Consent, there being no objection this item was tabled to allow staff to provide for further documentation.

By Common Consent, there being no objection, the Oversight Board resumed discussion and review of documentation provided by City Staff.

On motion of Vice Chair Chong-Castillo, seconded by Board Member Ramirez, duly carried by the following vote, Item No. 19 was approved authorizing a payment of \$25,107 in July 2012:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Reilly and Board Member Perez

ITEM NO. 20 – LAUSD Litigation

Mr. Hernandez presented a brief overview of the multi-party litigation, where LAUSD sued the County, certain City and Redevelopment Agencies for miscalculated pass through payments. This has been ongoing for a couple of years because of a question of calculating retroactive payments that the school district believes it's owed.

Vice Chair Chong-Castillo made a motion to move this item to Recognized Obligation Payment Schedule January 1, 2013 through June 30, 2013 (ROPS III).

Board Member Ramirez stated his concern that this is an ongoing lawsuit and the Successor Agency's counsel will be defending the Successor Agency, and if this is move to ROPS III, the present counsel will not be defending the Successor Agency

Ms. Estolano addressed the Oversight Board and made a recommendation that this item be approved for ROPS II and pointed out that the estimated payments of \$1,500 seemed low by standard.

On motion of Vice Chair Chong-Castillo, seconded by Board Member Ramirez duly carried by the following vote, ITEM NO. 20 – LAUSD Litigation was approved for payments of \$1,500:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Reilly

ITEM NO. 21 – DDA With HAAGEN/TIANGUS

Mr. Estrada gave an oral briefing on Haagen. In 1988, the City expanded Project Area 1 by adding Project Area 1A. Several months later, agreed to a pass-through payment with the County's Flood Control District and due to standard practice back then, the pass-throughs were deferred for the first number of years, called the County Loan. Subsequently 1989, entered into a DBA with San Fernando Mission Partnership. Haagen's is a major developer of shopping centers. Agency obligated to repay the promissory note of \$3 million overtime. It is subordinate to the payments into the Housing Fund, subordinate to the County pass-throughs and any other required by statute or law. This project has an ongoing obligation until January 27, 2018, in which afterwards the debt is forgiven. The source of funds is limited to Tax Increment from Project Area 1A.

Mr. Hernandez further indicated that annual payments are made August/September in the amount of \$60,000; \$60,000 - \$100,000 every year, depending on the Tax Increment.

Board Member Ramirez questions if this item is a valid obligation.

Ms. Estolano addressed the Oversight Board and made referenced to HSC Section 34181 (e) and recommends to keep making the payments every year and wait until 2018 when the obligation is forgiven and further suggests that an amount that is actually owed be noted in the ROPS and not have the Department of Finance questioning the varying amounts.

On motion of Vice Chair Chong-Castillo, seconded by Board Member Perez, duly carried by the following vote, Item No. 21 – DDA with HAAGEN/TIANGUS was approved with the condition that the amounts shown on the ROPS reflect the actual cost owed at the present:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Perez, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Member Reilly

By Common Consent, there being no objection (Board Member Reilly being absent), the Board recessed at 12:19 p.m.

The meeting reconvened at 12:35 p.m.

The Oversight Board began discussion on the issues of Administrative Cost.

Board Member Ramirez suggested that ROPS I Administrative Costs considered from this point forward are: staff costs, legal costs, non-project specific, and all consulting and professional services. For the subheadings for ROPS II: Admin Costs for Employee Salaries, Legal Fees, and then below that by the Different Project-Specific Professional Services as a line item with a dollar estimate per month.

Board Member Ramirez, made a motion based on the numbers the Oversight Board and City Staff agreed to, to have one main heading for Administrative Cost and underneath that have line items specifically for expenses associated with Employees of the Agency, Thales Consulting, Diehls, Evans & Co, LLP, HDL Coren & Cone and for all legal services for the Successor Agency that are non-project specific not to exceed \$250 thousand in total. The Oversight Board and the City Staff decided to calculate and adjust ROPS II for a 6-month period.

On motion of Board Member Ramirez, seconded by Vice Chair Chong-Castillo, duly carried by the following vote, the Oversight Board changed ROPS II to reflect Item Nos. 4, 13, 14, 15, and 16 with one main heading for Administrative Cost and underneath have line items specifying the payee and description with an amount not to exceed \$125,000 and combine Item Nos. 17 and 18 on a separate line for Legal fees:

AYES: Vice Chair Chong-Castillo, Board Member Moran, Board Member Ramirez, Board Member Arroyo, and Chair Frank

ABSENT: Board Members Reilly and Perez

Board Member Ramirez made a motion to approve ROPS II as amended by the aforementioned. Vice Chair-Castillo seconded. ROPS II was approved as amended by the following votes:

AYES: 5 - Chair Frank, Vice Chair Chong-Castillo, Board Member Moran, Board Member Arroyo and Board Member Ramirez

ABSENT: 2 - Board Member Reilly and Board Member Perez

Attachments: [ROPS Schedule for July 1, 2012 through December 31, 2012](#)
 [Revised ROPS Schedule for July 2012 through Dec 2012](#)

4. Report by the Successor Agency on the sufficiency of cash flow. (Continued from the meeting of 5-3-12) (12-1908)

By Common Consent, there being no objection (Board Members Reilly and Perez being absent), this item was received and filed.

Attachments: [Successor Agency Cash Flow](#)

5. Recommendation: Review and approve the Successor Agency Administrative Budget. (Continued from meeting of 5-10-12) (12-1910)

On motion of Board Member Moran, seconded by Vice Chair Chong-Castillo, this item was approved with the condition that the proposed administrative budget is modified to reflect all changes as reflected by the Recognized Obligation Payment Schedule which were approved by the Oversight Board on May 10, 2012.

AYES: 5 - Chair Frank, Vice Chair Chong-Castillo, Board Member Moran, Board Member Arroyo and Board Member Ramirez

Absent: 2 - Board Member Reilly and Board Member Perez

Attachments: [Successor Agency Proposed Administrative Budgets](#)

V. DISCUSSION ITEMS

6. Initiate process for retaining Legal Counsel services. (Continued from the meeting of 4-26-12 and 5-10-12) (12-1813)

By Common Consent, there being no objection (Board Members Reilly and Perez being absent), this item was continued to June 14, 2012.

VI. MISCELLANEOUS

7. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-2062)

There were no matters presented for a future agenda.

8. Public Comment. (12-2063)

There was no Public Comment.

9. Adjournment. (12-2064)

The Board adjourned the meeting at 1:44 p.m. The next regular meeting of the Board will be Thursday, June 14, 2012 at 10:00 a.m.
